

The Vermont Homestead Declaration

By Vermont law, property owners whose homes meet the definition of a Vermont “homestead” must file a Homestead Declaration annually by April 15. If eligible, it is important that you file so that you are correctly assessed the homestead tax rate on your property. This fact sheet will provide information you as the property owner need to know about filing your Homestead Declaration.

The Homestead Declaration for 2016 is due April 18 and no later than Oct. 17. Your municipality may assess a penalty after the April 18 due date.

What is the Vermont Homestead Declaration?

In Vermont, all property is subject to education property tax to pay for the state’s schools. For this purpose, property is categorized as either nonresidential or homestead. A homestead is the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by the resident as the person’s domicile*.

All property is considered “nonresidential,” unless it is declared as a “homestead.” The education property tax rate levied on nonresidential property differs from the rate levied on homestead property. It is your responsibility as the property owner to claim the property as a homestead if you meet, or expect to meet, the following requirements:

- You are a Vermont resident
- You own and occupy a homestead as your domicile as of April 1, 2016

Note: If you meet these requirements, except that your homestead is leased to a tenant on April 1, 2016, you may still claim it as a homestead if it is not leased for more than 182 days in the 2016 calendar year.

** Domicile is a legal concept that has implications for Vermont income tax, the statewide education tax, and property tax adjustments. For the definition of “domicile,” see Vermont Reg. § 1.5811(11)(A)(i) found at www.bit.ly/vttaxregs.*

What is not a homestead?

Property is considered nonresidential and therefore not a homestead if one of the following applies:

- Your property is leased for more than 182 days out of the calendar year.

- The property is used exclusively for a commercial, including rental, purpose.
- The property is used for a second home, camp, vacation, or summer cottage.

Homestead property and commercial use

As long as the property meets the requirements of a Vermont homestead, a part of the homestead property may be used for commercial purposes or as a rental. If **more than 25%** of the dwelling is used for business purposes, then that portion must be reported as nonresidential on the Homestead Declaration. However, if **any part** of the dwelling is a rental, then the percentage that is a rental must be reported. Outbuildings used for business or rental are considered nonresidential.

Filing deadlines

You must file a Homestead Declaration annually by the April 15 deadline. If after April 15, you have not filed, the municipality may assess a penalty of up to 3% or up to 8% of the education tax on the property. If you file after Oct. 15, the property will not be added to the municipal grand list as a homestead for that year, and you will be subject to any penalties and interest that apply.

Filing the Homestead Declaration

The Homestead Declaration is filed using Form HS-122, the Homestead Declaration and Property Tax Adjustment Claim. You may file electronically on the Department’s website at www.tax.vermont.gov. If you file a paper form, it is important to remember to sign the form at the bottom of the reverse side (below the Property Tax Adjustment Claim).

Many people file their Homestead Declarations at the same time they file their Vermont income tax returns. However, if you apply to extend the time to file your income tax return, the declaration must still be filed by the April 15 deadline. Even if a person is not required to file a Vermont Income Tax Return, the declaration must be filed by the deadline.

What you will need to file

In addition to the property owner's basic information, you should have the following available when filing:

- The property's School Property Account Number (SPAN) printed on the property tax bill
- The property owner's Social Security Number
- The code of the Vermont school district in which the property is located, which may be found on the property tax bill (the school code is the middle three digits of the SPAN).

Withdrawing a Homestead Declaration

There may be a situation where the Homestead Declaration has been filed between Jan. 1 and April 1 but needs to be withdrawn. The following are a few common reasons for withdrawal:

- The homestead was not owned by the person declaring it as a homestead on April 1.
- The homestead was converted to a nonresidential property on or before April 1.
- The Homestead Declaration was submitted in error (for example, it was not the owner's primary residence).
- The homestead was leased to a tenant for more than 182 days.

To withdraw the declaration, use Form HS-122W, Vermont Homestead Declaration and/or Property Tax Adjustment Withdrawal.

Frequently Asked Questions

What if there is more than one owner of the homestead?

If the property owners are a married or civil union couple, then both owners are included in the Homestead Declaration. However, for other ownership situations, refer to the instructions in the Vermont Income Tax Return booklet or contact the Vermont Department of Taxes.

What happens if the homestead is located in two adjoining towns?

The Homestead Declaration must be filed in both towns.

What happens if the property is transferred to a new owner after April 1?

If the property is transferred (by sale or some other type of transaction) to a new owner after April 1, the new owner waits until the following year to file the Homestead Declaration if the property qualifies as a homestead.

Contact us

For situations not covered by this fact sheet, please call 802-828-2865 or 866-828-2865 (toll-free).

For more information on the Homestead Declaration, please refer to 32 V.S.A. § 5410 at <http://legislature.vermont.gov/statutes/title/32>

Visit our website at www.tax.vermont.gov for forms and more fact sheets.

